SYNOPSIS OF THE PROPOSED THESIS TITLED

MERGER AND ACQUISITION OF COMMERCIAL BANKS:

A STUDY WITH SPECIAL REFERENCE TO MERGER

OF SBI AND ITS ASSOCIATES

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1.1 INTRODUCTION

A bank operates as a financial institution that accepts deposits and allocates funds via loans while managing securities contingent upon authorization from state or central government agencies. The bank's primary responsibility is to foster economic growth by providing investment funds. In recent decades, banking institutions have seen significant regulatory transformations and global market impacts. The sector has undergone structural and strategic changes as a result of these developments. The evolving environment has compelled this industry to implement several tactics that enhance its efficiency and position it as a global leader. One strategic approach for generating sustainable profitability is the consolidation of banks through Mergers and Acquisitions (M&A). A merger, whether between strong or weak institutions, is often more effective in enhancing efficiency and profitability than organic growth through standalone operations. The banking sector engages in M&A to leverage economies of scale, diversify risks, and broaden their service offerings.

The Indian financial system dates back to the founding of the Bank of Calcutta in 1806, which later became the Bank of Bengal. This was followed by the establishment of the Bank of Bombay and the Bank of Madras, together forming the Presidency Banks. These institutions laid the foundation of organized banking in India (Das, 2004). The Reserve Bank of India (RBI) was established in 1935 and began functioning as the central authority regulating monetary policy and banking operations.

Following independence in 1947, the Government of India undertook major steps to align the banking system with the nation's developmental objectives. A significant milestone was the nationalization of 14 major commercial banks in 1969, followed by the nationalization of 6 more in 1980. These moves aimed to ensure wider outreach and equitable distribution of credit, especially to the underserved rural population.

In 1991, India introduced a series of economic reforms under liberalization, privatization, and globalization. The Narasimham Committee played a pivotal role in recommending reforms in the banking sector, including measures such as prudential norms, deregulation of interest rates, and improved transparency in licensing procedures (Narasimham, 1991). This marked the beginning of the post-liberalization phase. The first major merger among nationalized banks occurred in 1993, when the New Bank of India was merged with Punjab National Bank, reducing the number of nationalized banks from 20 to 19.

The post-liberalization era witnessed the emergence of private sector banks and foreign banks, ushering in competition and technological innovation. Indian banks began adapting to new technologies such as electronic banking, ATMs, mobile banking, and, eventually, digital payment systems like UPI. Meanwhile, financial resilience improved notably after the 2008–2009 global financial crisis. Compared to global counterparts, Indian banks demonstrated strong fundamentals and regulatory safeguards.

As part of a continued reform strategy, the Government of India began promoting bank mergers in the public sector to strengthen the banking system and protect depositors' interests. These mergers were often triggered by financial stress indicators such as high NPAs, declining net worth, or a weak Capital Adequacy Ratio (CAR). Under Section 45(1) of the Banking Regulation Act, 1949, the RBI can impose a moratorium on a struggling bank and direct a stronger bank to prepare a merger plan. The acquiring bank assumes all assets and liabilities of the weaker bank and guarantees depositor payouts.

The Indian banking system is broadly classified into:

- Commercial Banks: These include:
    - Public Sector Banks (PSBs), which dominate the industry.
    - Private Sector Banks, known for innovation and customer service.
    - Foreign Banks, with operations in India.
    - Regional Rural Banks (RRBs), which serve rural and agrarian segments.
- Cooperative Banks: These include:
    - State Cooperative Banks.
    - District Central Cooperative Banks.
    - Urban Cooperative Banks, serving urban and semi-urban areas (Chavan, 2013).
- Development Banks: Institutions like NABARD and SIDBI, which provide credit and support to specific sectors.

The banking landscape underwent a major shift in the 2000s. The 2008 merger of State Bank of Saurashtra with the State Bank of India (SBI), followed by the merger of State Bank of Indore in 2010, signalled the beginning of a new wave of consolidation. This culminated in 2017 with the landmark merger of five SBI associate banks—State Bank of Bikaner & Jaipur, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore, and State Bank of Hyderabad—along with the Bharatiya Mahila Bank into SBI. These consolidations were aimed at improving operational efficiency, lowering costs, and strengthening SBI’s global positioning (Ghosh & Ghosh, 2011; PTI, 2017).

MERGERS AND ACQUISITIONS: STRATEGY AND RATIONALE

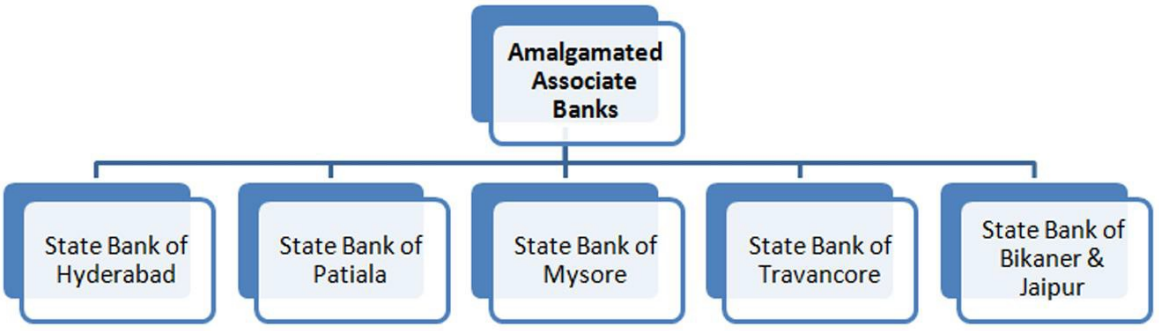
Mergers and Acquisitions (M&As) have consistently drawn attention from scholars and practitioners in the fields of banking, corporate strategy, and economic policy due to their transformative potential. The liberalized and competitive environment post-1991 compelled banks to adopt strategic M&As for enhancing market share, strengthening risk management, accessing advanced technologies, and scaling operations.

A merger refers to the unification of two entities into one. In banking, this often involves the surrender of the charter by a smaller, often distressed bank, which is then absorbed into a larger institution. The resulting entity consolidates assets, liabilities, and operational networks under a single administrative and legal framework (Pilloff & Santomerro, 1998). In Indian banking parlance, such mergers are formally termed “amalgamations.”

The rationale behind these mergers includes enhancing operational scale, cost reduction, product diversification, and geographic expansion. For underperforming banks, merging into a stronger entity ensures financial stability and depositor protection. Nonetheless, M&As can also pose challenges, such as integrating corporate cultures, redundancies, potential job losses, and changes in competitive dynamics.

Historically, the Banking Regulation Act of 1949 (originally the Banking Companies Act) gave the RBI supervisory powers over bank mergers (Reserve Bank of India, 1951). During the post-Independence era, the government emphasized rural banking access over consolidation. However, the 1990s economic liberalization prompted a renewed push toward consolidation as a means of reform. The Narasimham Committee recommended phased reforms including bank mergers to create strong, competitive financial institutions.

Merger of SBI and its Subsidiaries


Amalgamated Associate Banks
State Bank of Hyderabad
State Bank of Patiala
State Bank of Mysore
State Bank of Travancore
State Bank of Bikaner & Jaipur

Financial Implications of SBI Merger

Operational Efficiency: The merger brought the combined entity's domestic network to around 22,500 branches and 65,000 ATMs as of March 2024. As a result, the bank could expect significant cost savings from integrating its overlapping network, standardized processes, and unified IT infrastructure. According to SBI's Chairman, Arundhati Bhattacharya, the merger was expected to boost annual profit by ₹10 billion in three years (Biswas, 2017).

Global Footprint: Post-merger, SBI entered the league of the top 50 global banks. It aimed to enhance its competitive edge in the global arena through an increased capital base and the amplified ability to give larger loans.

Asset Quality: However, the merger saw a temporary dip in asset quality. Gross NPAs rose, and the bank had to increase its provisions for bad loans. The bank's profitability took a hit in the short term, but the expectation was that this would stabilize in the medium to long term as synergies materialize.

Capital Adequacy: While there were initial concerns about the merged entity's capital adequacy ratio, the strong capital position of the parent (SBI) helped maintain a comfortable capital adequacy post-merger. However, some infusion from the government was anticipated.

The merger of the State Bank of India with its subsidiaries was a landmark event in the Indian banking sector. While challenges such as integration issues, human resource concerns, and initial financial pressures were anticipated, the merger aimed at creating a global banking behemoth with robust financial health and a wide-reaching domestic network. By leveraging synergies, optimizing operational efficiencies, and amplifying its market presence, the State Bank of India post-merger sought to redefine its role not just in the Indian economy but on the global banking stage.

The study on the merger of SBI banks, particularly with its subsidiaries, is essential as it helps to understand the merger's implications and outcomes, which is crucial for strategic decision-making by the management of SBI and its stakeholders. It is essential to analyze the financial

impact of the merger on the banks involved, including aspects like profitability, capital structure, and asset quality. The operational integration provides insights on how different entities can be effectively managed to ensure a smooth transition. The study of the Mergers and Acquisitions of SBI helps to communicate the benefits and potential challenges of the merger to stakeholders such as employees, customers, investors, and regulatory authorities.

Thus, conducting a study on the merger of SBI banks is necessary to assess the impact, challenges, opportunities, and strategies involved in the process for informed decision-making and successful implementation. The following objectives are considered for the research.

1.2 STATEMENT OF THE PROBLEM

A thoughtful move to increase operational efficiency, improve customer satisfaction, and boost employee satisfaction was the State Bank of India's (SBI) merger with its associated banks. Large-scale mergers of this kind, however, frequently come with difficult obstacles that might prevent the desired results. Significant organizational changes brought about by the merger would affect work culture, motivation, transparency, and general job satisfaction for employees. Uncertainty and differing degrees of adaption brought on by these changes may impede organizational cohesion and production if left unchecked.

Similar changes in service delivery have been brought about by the merger for customers, particularly throughout the areas of value-added services, e-banking, and traditional banking. During the integration process, changes of Customer Relationship Management (CRM) procedures and service standards may have an impact on client satisfaction and perceptions, which may increase or decrease their loyalty to the bank. The difficulties of fixing service-related problems and preserving smooth banking operations after a merger also present difficulty.

Even though these mergers are strategically important, little is known about the post-merger dynamics from the perspectives of both consumers and employees. To fully profit from the merger, it is essential to address important issues including consumer perceptions, service issues, and staff engagement.

This study aims to close these discrepancies by identifying the main factors that influence performance and satisfaction. It also offers practical advice on how to maximize the benefits of SBI's merger while causing the least amount of inconvenience to all parties.

1.3 LITERATURE REVIEW

The literature review explores the approaches, concepts, and results discussed in previous studies. It assists in learning concepts covered in earlier studies and identifying the research gap not covered in earlier studies. A careful examination of earlier studies helps to find out the theoretical ideas and formulation of research in an empirical way. This way, the study scrutinizes the literature review regarding Mergers and Acquisitions of activities in India and abroad. Further, the review collects different merger and acquisition aspects, which are presented below.

1.3.1 International Studies

Ayagre, *et al.* (2024) examined the impact of bank Mergers and Acquisitions (Mergers and Acquisitions) on the performance of merged banks in Sub-Saharan Africa (SSA) between 2003 and 2019. The study specifically focused on the effects of regulation-induced Mergers and Acquisitions on post-merger profitability, seeking to assess the validity of regulatory claims that such Mergers and Acquisitions enhance bank performance in the region. The research analyzed the overall sample of Mergers and Acquisitions and two sub-samples: regulation-induced and voluntary Mergers and Acquisitions. Profitability was measured using return on assets (ROA), return on equity (ROE), and net interest margin (NIM). Using the dynamic panel Generalized Method of Moments (GMM) approach, the study found no evidence of profitability improvement following Mergers and Acquisitions across all profitability measures for both the total sample and the sub-samples. On the contrary, the findings revealed that bank profitability deteriorates after Mergers and Acquisitions, with regulation-induced Mergers and Acquisitions demonstrating adverse effects on profitability from the initiation of the merger through the sixth-year post-merger. Additionally, the study identified bank risk as having a negative impact on profitability, while liquidity positively influences profitability, except in the case of ROE. Cost-to-income ratios exhibited a negative relationship with profitability, aligning with expectations. Furthermore, macroeconomic variables had anticipated effects: GDP growth positively correlated with profitability, whereas inflation had a negative relationship.

Ullah, *et al.* (2023) contributes to the existing literature by providing a comprehensive overview of the complex relationship between level of bank sizes, factors, Mergers and Acquisitions performance, and stability for banking sectors, Islamic vs. conventional banks, and by highlighting the importance of considering the specific characteristics of the banking industry in GCC and Pakistan. The conceptual framework is developed and designed based on the theory and in line with the literature review. The theories are resource dependency theory and efficiency theory. The results revealed that bank size has a significant impact on the Mergers and Acquisitions performance and stability of banks. However, there is no significant difference between pre-and post-Mergers and Acquisitions performance. Interestingly, smaller banks outperformed larger and medium-sized banks in terms of Mergers and Acquisitions performance, while larger and medium-sized banks exhibited better bank stability than smaller banks. Interestingly, while looking at Islamic vs. conventional banks point of view results show that operational performance of Islamic is better than conventional banks. On the other hand, stability of conventional bank is better than Islamic banks.

Darayseh & Alsharari (2022), in the study "Determinants of merger and acquisition in the banking sector: an empirical study," determined the factors affecting the merger and acquisition (Mergers and Acquisitions) process in the United Arab Emirates (UAE) banking sector. It distinguishes between internal and external factors that may motivate Mergers and Acquisitions activities in the banking sector. The study adopts quantitative research and a survey strategy for data collection. A model was developed using a survey e-mailed to 500 bankers to gather data on the factors affecting the banking sector's Mergers and Acquisitions. The study's findings provide strong empirical evidence for factors extracted by the factor analysis (Income, Growth, Costs, Survival, diversification, Security, and Risk and Legal), which are important in determining the consolidation process leading to successful Mergers and Acquisitions in the banking industry. This study also contributes to the business combinations and consolidation literature by explaining the important factors in measuring the bank's performance during the Mergers and Acquisitions process.

Karn (2020), in the study "Mergers and Acquisitions of Banking Sector in Nepal: A Current Issues," highlighted that Mergers and Acquisitions in the banking sector can ensure efficiency and profitability. It is widely used to restructure and strengthen banks to achieve competitiveness in long-term existence. The Nepalese Banking Sector is facing a big problem and is in a critical stage. So, to cope with this problem, Nepal Rasta Bank (NRB) has directed the banking institutions to go into the process of Mergers and Acquisitions. Mergers and Acquisitions are important processes in the banking sector to make enormous financial gains. The main aim of Mergers and Acquisitions in banking sectors is to improve economies of scale. NRB, the regulatory body of banks in Nepal, has experienced Mergers and Acquisitions as the most effective weapons for the Nepalese banking sector.

Aljadani & Toumi (2019), in the study "Causal effect of Mergers and Acquisitions on EU bank productivity," examined the causal effect of Mergers and Acquisitions (Mergers and Acquisitions) on bank productivity (Q) in 23 European Union countries and the short- and long-term relationship among fixed assets (k1), liquid assets (k2), and labour (L) over the period 1990–2013 for a sample of 156 commercial banks, of which 60 entities have acquired at least one other entity. Granger causality tests on results reveal unidirectional causality from liquid assets to fixed assets. However, the causality between K2 and L is unobservable, and the linkage between fixed assets and labour is bidirectional. The error correction term (ECT) is negative and statistically significant for all models, which denotes a bidirectional relationship among all selected variables and long-term unidirectional causality from Mergers and Acquisitions to bank productivity. The long-term dynamic panel estimates indicate that the strategic ft of Mergers and Acquisitions can create long-term productivity improvement.

Liargovas and Repousis (2011) intended to measure the impact of Mergers and Acquisitions on the Greek banking sector. The study took ten days before the merger and acquisition announcement. In addition, the shareholder obtained considerable positive, cumulative, abnormal returns. The results have also revealed that the significant positive cumulative abnormal returns predicted in the merger announcements, particularly the bank mergers, have no influence and have not made a fortune. In addition, the operational performance of companies has not improved after the merger and acquisitions. In the stock market, no investor can get extraordinary returns based on the merger announcement. It was concluded that Mergers and Acquisitions do not contain any favorable facts to the shareholders.

Guru, Avvari, and Balachandran (2003) have jointly examined the merger of Malaysian Banks and have stated that there is an inherent assumption within the outside world on the merger of banks. It is continuously assumed that banks merge only if there is a gain from the opposite bank. Generally, mergers happen in two eventualities, even when merging in the trade sector. The situation (Joskow, 1994) aims to strengthen their position in trade by heightening the services that target varied chances. The second situation aims to realize synergies associated with economies of scale and efficiencies. If the merger is between two or more banks and one is powerful, and the alternative is weak, the result would not be a weak bank. Hence, merging partners should not be hand-picked supported sympathy or other noneconomic relevant matters. Thus, it is continuously popular to merge two banks, which will lead to economic improvement in their position.

1.3.2 National Studies

Maani & Rajkumar (2024) highlighted that Mergers and Acquisitions (Mergers and Acquisitions) have emerged as a strategic tool for consolidating financial institutions and banks in India. This approach aims to bolster capital reserves, expand business operations, and enhance financial stability, aligning with the government's efforts to reinforce the banking sector, improve efficiency, and deliver robust financial services. The mega-merger announced on August 30, 2019, resulted in the consolidation of ten public sector banks into four major entities. This study evaluates the financial impact of these mergers on four bidder banks from 2016-17 to 2022-23, employing standard accounting ratios, paired sample t-tests, and overall performance average analysis. By comparing the three years before and after the merger, the research identifies a cumulative influence on financial performance ratios. Among the findings, Punjab National Bank shows significant improvements in the 'Capital Adequacy Ratio' and 'Total Loan to Total Deposit Ratio.' Canara Bank exhibits a notable impact on the 'Debt-to-Equity Ratio' and 'Non-Performing Loans to Total Loans.' Similarly, the Union Bank of India demonstrates significant changes in the 'Debt-to-Equity Ratio,' while the Indian Bank records substantial enhancements in the 'Capital Adequacy Ratio' during the pre-and post-Mergers and Acquisitions period.

Devi *et al.* (2023) stated that for the rapidly expanding Indian banking industry, consolidation through Mergers and Acquisitions (Mergers and Acquisitions) is a critical strategy for achieving cost reduction and revenue growth. The necessity of banking consolidation in India,

along with the challenges it presents, are central concerns. The role of the central government is significant in this process, as it is instrumental in formulating the policies that will drive the growth of the Indian banking sector. Some Mergers and Acquisitions have recently been observed as voluntary initiatives undertaken by banks. The first of these post-1991 financial sector reforms was the merger of Times Bank with HDFC Bank. Since then, banks have proactively sought consolidation and expansion through various mergers, such as the merger of Bank of Madura with ICICI Bank, the reverse merger of ICICI with ICICI Bank, the union of Centurion Bank and Bank of Punjab to form Centurion Bank of Punjab, and the recent decision of Lord Krishna Bank to merge with Federal Bank. Even the most prominent Indian banks are considered small by international standards in an industry where scale is crucial and national boundaries are increasingly irrelevant. India remains unbanked mainly, with its banking sector relatively small, even by Indian standards. The top 25 banks, 18 government-owned, control nearly 85% of banking assets. Studies on the Indian banking sector suggest that Mergers and Acquisitions is essential for stability, shareholder returns, and regulatory compliance. Moreover, Mergers and Acquisitions provides Indian banks with the opportunity to become universal banks and can be strategically employed to enhance their competitive standing.

Banik *et al.* (2022) examined the behavior of "Mergers and Acquisitions in the Indian Banking Sector." Both international and domestic banks worldwide are actively involved in Mergers and Acquisitions. A key objective behind these Mergers and Acquisitions in the banking sector is to achieve economies of scale. Recently, the Indian banking industry has been the subject of numerous media reports covering various topics. These topics range from the user-friendliness of Indian banks, their preparedness for the upcoming Basel II requirements, and the increasing expansion of Indian banks into overseas markets through inorganic growth strategies. Mergers and Acquisitions are seen as a crucial method for gaining domestic and international competitive advantage, prompting industries across the board to seek strategic acquisitions within India and abroad. Key goals include achieving economies of scale, reducing unhealthy competition within the sector, and emerging as a significant competitive force in the global economy. Therefore, the consolidation of the Indian banking sector through Mergers and Acquisitions, driven by commercial considerations and business strategies, is viewed as an essential prerequisite.

Yasmin *et al.* (2021), in the study "A Study of the Impact of Merger of Public Sector Banks in India," mentioned that the 1950s and 1960s saw Indian Banking dominated by Private Sector Banks. This did not fulfill the requirements of the people of India in any extensive manner, as credit facilities were denied to the needy sections of the population. The negative fallout of the Indian banking sector, which private banks dominated, was felt during this period. A solution came from 20 banks' nationalization in 1969 and 1980. Branches were opened across the country in deep areas to serve the banking requirements of the people. The purpose was well served by the 20 banks (subsequently reduced to 19) during the last four decades. However, the public sector domination of banks also carried their limitations with them. The solution came in 1991 and afterward, in the form of the re-entry of Private Banks into the banking sector.

Debaprosanna Nandy and Manas Baidya (2012) examined the proposed merger of SBI and its subsidiaries and stated that the banking industry is undergoing unprecedented changes driven by consolidation through Mergers and Acquisitions all over the world. India is no exception. The merger of State Bank of India and its subsidiary banks has been for several years, and SBI has already merged State Bank of Saurashtra and State Bank of Indore with itself. The study measured and examined the technical efficiency of SBI and its subsidiaries before and after their hypothetical merger. The results revealed that the merger proposal of SBI associates might bring in full technical efficiency but not full-scale efficiency of the merged entity.

Gupta and Sinha (2011) have attempted to measure the performance of pre- and post-Mergers and Acquisitions in India's financial services sector. This study has scrutinized the merger and acquisition of financial services firms. The findings have indicated that pre-tax earnings and depreciation before taxes, interest, and taxes have a positive correlation in post-merger. Also, the cash flow after the merger has been gradually reduced. The results show that the merger extends market share and is directly related to the company's increased revenue and profitability. The conclusion has revealed that financial performance is more likely in the post-merger in the financial service industry.

Anand Shanbhag (2005), in his paper "Consolidation: Changes in the Structure of Banks," states that management is intensely focused on investors' expectations, and consolidation is often seen as a route to sweeping up the growth and expanding the market share. Consolidation is only an enabling step toward the realization of the synergies. Mergers drive mainly deals

with economies of scale, economies of scope, potential for risk diversification, personal incentives of management, and public policy. For example, a desire to have a small number of global players is more essential than a large number of local players. The tangible benefits of a merger take a more extended period and may require changes in the structure of merged entities.

1.4 RESEARCH GAP

The banking sector's merger and acquisition (Mergers and Acquisitions) activity, particularly among commercial banks, has been a subject of significant academic interest and practical importance. However, despite the considerable research conducted in this area, several research gaps remain, especially concerning specific mergers such as the merger of the SBI and its associate banks. Identifying and addressing these research gaps is crucial for advancing the understanding of Mergers and Acquisitions dynamics in the banking sector and providing actionable insights for policymakers, practitioners, and researchers.

While the merger of SBI and its associate banks represents one of the most significant consolidation exercises in the Indian banking sector, there is a scarcity of empirical studies that comprehensively analyze the merger process, its drivers, challenges, and outcomes. Existing research primarily comprises anecdotal evidence, case studies, and descriptive analyses, lacking rigorous empirical investigation into the impact of the merger on financial performance, operational efficiency, customer satisfaction, and stakeholder value.

Many studies on bank Mergers and Acquisitions focus on pre-merger factors and short-term effects, often overlooking the long-term implications and post-merger integration challenges. Longitudinal studies tracking the performance of merged entities over an extended period are scarce, hindering understanding of the sustainability of merger benefits, potential synergies, and organizational changes resulting from the integration process. Moreover, limited attention has been given to the post-merger experiences of stakeholders, including employees, customers, shareholders, and regulators, which are critical for assessing the overall success and impact of the merger.

The regulatory and policy environment surrounding bank Mergers and Acquisitions, particularly in the context of the Indian banking sector, is complex and dynamic. However, research on the regulatory implications of the SBI and associate banks merger, including regulatory approvals, compliance requirements, and governance reforms, remains scant. A

deeper understanding of the regulatory and policy framework governing bank mergers is essential for policymakers, regulators, and industry participants to navigate the Mergers and Acquisitions landscape effectively and ensure the stability and integrity of the banking system.

While individual bank mergers receive attention in the literature, there is a dearth of comparative analysis and benchmarking studies that systematically compare the merger of SBI and its associate banks with similar mergers or consolidation initiatives globally. Comparative studies offer valuable insights into best practices, lessons learned, and performance benchmarks that can inform future merger strategies, integration processes, and policy formulation. Moreover, cross-country comparisons can shed light on the unique contextual factors influencing Mergers and Acquisitions outcomes and the transferability of findings across different banking systems and regulatory environments.

The merger of SBI and its associate banks has implications beyond financial metrics and operational efficiencies, affecting various stakeholders and broader socio-economic dynamics. However, research often overlooks stakeholder perspectives in assessing bank mergers' social, cultural, and ethical dimensions, including employees, customers, communities, and society. Understanding the socio-economic impacts of mergers, such as employment implications, branch rationalization, access to financial services, and regional development, is crucial for evaluating the merger's overall welfare implications and fostering inclusive growth.

Addressing the gaps mentioned in the research is essential for advancing the knowledge frontier in the study of merger and acquisition activities in the banking sector, particularly concerning the merger of SBI and its associate banks. By conducting rigorous empirical studies, longitudinal analyses, comparative assessments, and stakeholder-oriented research, scholars can contribute to a deeper understanding of the drivers, challenges, and outcomes of bank Mergers and Acquisitions. Moreover, bridging these research gaps can provide actionable insights for policymakers, regulators, and industry practitioners to navigate the complexities of Mergers and Acquisitions transactions effectively and enhance the banking system's stability, efficiency, and resilience.

1.5 RESEARCH QUESTIONS

Against this backdrop, in the present study, the researcher attempted to analyze the performance of SBI in terms of Mergers and Acquisitions. Hence, the study raised the following research questions:

- Are there any changes in the financial performance of the SBI banks during the pre-and post-period of mergers and acquisitions?
- In the post-merger context of SBI and its affiliates, how does employee perception affect employee motivation?
- What part does organizational transparency play in raising post-merger employee motivation?
- What impact does the bank's dynamism have on the motivation of its employees in the merged organization?
- What connection exists between post-merger customer relationship management (CRM) techniques' efficacy and employee motivation?
- What moderating effects do post-merger issues have on the link between employee motivation and satisfaction?
- How much does the post-merger workplace culture influence the connection between staff satisfaction and motivation?
- What effect do CRM procedures and employee motivation have together on post-merger employee satisfaction levels?
- In what ways do e-banking value-added services and traditional banking services influence CRM practices in SBI's post-merger phase?
- What effects do issues with banking services have on the connection between traditional and online banking services and the performance of banks after mergers?
- What impact do CRM techniques have on a bank's performance after a merger?
- Does the link between banking services and post-merger banking performance get mediated by CRM practices?

1.6 RESEARCH OBJECTIVES

The present study entitled “Merger and Acquisitions of Commercial Banks: A Study with special reference to SBI and its Associates” set forth the following objectives:

1. To analyse the financial performance of SBI before and after the merger.
2. To assess how CRM practices after a merger are influenced by banking services.
3. To understand how banking services affects post merger banking performance.
4. To assess the effect of CRM practices on the performance of banks after mergers.

5. To investigate how banking services and post-merger performance are mediated by CRM practices.
6. To examine how bank dynamism, employee perception, and transparency affect employee motivation.
7. To investigate how employee satisfaction, CRM procedures, and employee motivation are related.
8. To ascertain how work culture and issues pertaining to services affect employee satisfaction.

1.7 RESEARCH HYPOTHESES

H1: Demographic factors significantly influence customer perception of banking service, customer relationship management & post-merger bank performances.

H2: The perceived quality of banking services significantly influences the operational performance of banks in the post-merger period.

H3: Customer relationship management in the bank played a significant mediating role in the relationship between banking services and bank performance.

H4: Trust in Online Transactions Moderate the relationship between perception on banking services and bank performance.

H5: There is significant difference in Banking Services and CRM practices pre- and post-merger.

H6: Problems in Services significantly hinders the relationship between banking services and bank performance.

H7: There is significant difference in employee perception and customer relationship management between pre and post-merger of bank.

H8: Employee perception, transparency and dynamism of the bank significantly influences employee motivation.

H9: Employee motivation substantially contributes to employee satisfaction.

H10: Customer relationship management practices significantly mediate the relationship between employee motivation and satisfaction.

H11: Problems significantly weakens the relationship between employee motivation and satisfaction.

H12: Work culture significantly moderates the relationship between employee motivation and satisfaction.

1.8 RESEARCH METHODOLOGY

1.8.1 Research Design

The study's preferred framework and research methodology are specified by the research design. It offers information about the study's research design, data collection methods, and research techniques. Additionally, it provides descriptions of the variables that were utilized in the research as well as tests that were conducted to determine the validity and reliability of the data set for analysis. Lastly, it gives information regarding the statistical software and instruments that were utilized to analyze the data. This research follows a descriptive approach where the objective of the research is to investigate how several financial and operational indicators would be affected by the merger of the State Bank of India (SBI) and its affiliated banks. Key performance indicators that are the focus of the study are earnings per share (EPS), Profit per employee, dividend per share, dividend payout ratio, liquidity ratios (current ratio & quick ratio), leverage ratios (debt-to-equity ratio & debt-to-asset ratio), return on equity (ROE), return on average assets (ROAA), and profit per employee. The major intention of the study is to determine the correlation and mean difference between the demographic profiles of customers and employees with regard to their perspectives on overall performance, service quality, and satisfaction with banking services. Besides that, it looks at how financial and operational performance differed before and after the merger, highlighting how the transaction affected customer satisfaction and employee engagement.

The study also looks at how financial performance metrics relate to consumer and employee satisfaction. In order to examine the impact of several dependent factors, like satisfaction and service quality, on independent variables, such financial performance measures, these linkages aided in the construction of a structural equation model (SEM).

1.8.2 NATURE AND SOURCES OF DATA

In order to obtain necessary data, a questionnaire was employed through primary and secondary data aligning with study's goals. Employees as well as consumers of SBI offered primary data on their perceptions on the merger, banking experiences and satisfaction levels. The survey

collected information on a various demographic factor, customer relationships, employee job engagement, satisfaction pre- and post-merger of SBI and integration and transition challenges post-merger outcomes. The major intention of this approach was to assess the changes in perceptions and outcomes post-merger.

The SBI and its subsidiary banks' financial performance as well as structure were investigated both before and after the merger, and the aspects were clarified utilising secondary data obtained from public sources. The secondary source included, Reserve Bank of India's (RBI) Report on Trend and Progress of Banking in India (2016-2017), SBI's annual reports, and RBI's annual reports. The research additionally referred the Narasimham Committee Report on Banking Sector Reforms (1998) as well as the Narasimham Committee Report on the Financial System (1991) for insights on sectoral shifts and banking reforms. Besides that, reports from The Economic Times (2017), The Mint (2017), and PTI (2016), "Cabinet Approves Merger of SBI, 5 Associate Banks" which highlighted the consolidation of Indian banks.

1.8.3 RESEARCH INSTRUMENT

Primary data was obtaining utilising two well-structured questionnaires which were individually given to State Bank of India (SBI) employees and clients at different Karnataka branches. The study used the personal interview approach for primary data collecting. Both quantitative and qualitative aspects were included in the first employee questionnaire, which investigated about demographics, employee perceptions before and after the merger, satisfaction levels after the merger, issues encountered after the merger, changes in work culture, employee motivation, the bank's dynamism following the merger, transparency within the bank, and customer relationship management (CRM).

The second survey was meant for customers and examined demographics, opinions regarding the bank's services both before and after the merger, CRM practices both before and after the merger, the effect of the merger on value-added services and e-banking, and their general assessment of the bank's performance after the merger. With an intention of fully meeting the study's objectives, these two questionnaires were designed, guaranteeing data gathering from both internal (workers) and external (customers) sides. This dual approach made it possible to thoroughly assess how the merger affected overall service quality, customer happiness, staff engagement, and operational performance.

1.8.3.1 COMPONENTS OF THE SURVEY QUESTIONNAIRE

In order to thoroughly evaluate the effects of the merger, the questionnaire was divided into five components specifically designed for State Bank of India (SBI) staff and clients.

EMPLOYEE PERSPECTIVES:

Part I: This component collected personal data about the employees' demographic profile, such as their age, level of education, work history, and job functions.

Part II: This part discussed how employees perceive about the merger both before and after it took place, with an emphasis on workplace culture, information, organizational policies, role clarity and employee involvement.

Part III: This portion looked at post-merger satisfaction levels, including contentment with modifications to functioning hours, work allocation, operational procedures, and overall work satisfaction.

Part IV: This segment examined the post-merger problems, work culture and employee motivation levels. The perceived dynamism of the bank's post-merger activities was also covered.

Part V: This portion studied CRM procedures after the merger, with staff members offering input on how CRM enhancements affected customer retention and satisfaction.

All section's responses were measured using a Likert scale with five points, with 1 denoting "strongly disagree" and 5 denoting "strongly agree."

CUSTOMER PERSPECTIVES:

Part I: In this portion, personal data about the demographic information of the clients was collected, including their age, years of SBI affiliation, type of account, and educational background.

Part II: This segment gathered consumer feedback about the bank's services both before to and during the merger, emphasizing elements such as dependability, convenience, and service quality.

Part III: This segment focused on effectiveness in customer service & relationship management while assessing how customers perceived CRM practices both before and after the merger.

Part IV: This portion examined how the merger affected consumers' experiences with value-added services and e-banking, with an emphasis on accessibility and technology advancements.

Part V: This section collected consumer feedback regarding the bank's overall performance following the merger, including operational effectiveness, work culture, and satisfaction with

service delivery.

To ensure consistency and dependability in gathering stakeholder perspectives, the 5-point Likert scale was primarily used to assess responses for consumer and staff feedback.

This methodical approach made sure that pertinent information was gathered for internal as well as external viewpoints, allowing for a comprehensive assessment of the merger's effects on customer happiness, staff engagement, and operational efficiency.

1.8.4 USE OF SCALE IN THE QUESTIONNAIRE

The researcher measured the demographic profile, happiness levels, work culture perceptions, and CRM practices using a variety of metrics. Nominal scales were used to assess categorical demographic data, including age, educational background, work function, and account type. A five-point Likert scale was used to assess constructs such customer perspectives on service quality, CRM procedures, staff perceptions, satisfaction levels, and e-banking enhancements. To guarantee consistency in answers and trustworthy data gathering, the scale went from 1 (strongly disagree) - 5 (strongly agree).

This methodical methodology made it possible to gather complete and pertinent data for assessing the merger's effects on consumers and staff, allowing for a detailed examination of both pre- & post-merger scenarios.

1.8.5 CONSTRUCTION OF RESEARCH TOOL

The purpose of the questionnaire was to fully evaluate how the merger of the State Bank of India (SBI) and its affiliated banks affected both customers and employees, with an emphasis on their opinions, experiences, and levels of satisfaction both before and after the merger. Two separate questionnaire sets were created, one for consumers and one for staff, each of whom had their own viewpoints and experiences.

The customer survey asked about demographics (age, education, account type, years of bank affiliation, and frequency of use), customer satisfaction with services before and after the merger, CRM procedures, e-banking as well as value-added services, and general opinions about the bank's performance after the merger.

Agarwal (2012) and Abhijith and Menon (2018) provided insights which assisted in developing the questions on customer satisfaction, while Kiran et al. (2020) contributed form the questions about value-added services and e-banking. By highlighting the connection between mergers and enhancements to the customer experience, Agarwal, Vichore, and Gupta (2020) and Aljadani and Toumi (2019) offered more insight into the CRM practices and operational efficiency builds.

The purpose of the employee questionnaire was to assess elements like organizational dynamism, transparency, motivation levels, work engagement, job satisfaction, work culture, perceptions of pre- and post-merger scenarios, and demographic data (age, educational background, job roles, and work experience).

Gautam (2022) and Dokotri, Ezekiel, and Pam (2016) provided the constructs linked to work culture and motivation, whereas Singh and Saxena (2022) and Naveed, Anuar, and Bilal (2011) provided the frameworks for the employee satisfaction questions. According to Kato and Schoenberg (2014), the questionnaire included questions about customer relationship management (CRM) procedures after a merger, whereas Altunbas and Marques (2008) and CR, Ann, and PJ (2023) offered support for operational performance constructs.

1.8.6 DEVELOPMENT AND VALIDATION OF DATA COLLECTION INSTRUMENT

To get accurate and significant results, a genuine and trustworthy research tool is essential. In order to guarantee validity and reliability, the questionnaire for this study was developed through a rigorous procedure. Two types of data validation techniques were used:

1. **Validity Testing and**
2. **Reliability Testing.**

Content Validity

The goal of validity testing was to make sure the instrument measured the things it was supposed to assess. To ensure that the questionnaire fully addressed every construct pertinent to the study's goals, the study placed a special emphasis on content validity.

A thorough literature assessment was conducted in order to identify variables and constructs before the research instrument was developed. Following this, a thorough validation procedure was started. Initially, five research experts with backgrounds in organizational behavior,

banking, and finance were given access to the questionnaire. We gathered their opinions on the constructions' coverage and intelligibility.

After that, five subject matter experts—including academics from the disciplines of statistics, economics, management and commerce, and organizational psychology—reviewed the tool. Their knowledgeable assessments on the questions' suitability and thoroughness were noted. The tool was evaluated as well by two senior branch managers from SBI to ensure its practical usefulness. Their insights into the post-merger operational & customer service areas were invaluable. Additionally, the questions about financial performance & organizational changes were reviewed by five financial advisers with expertise in mergers and acquisitions.

The device was modified several times in response to these experts' input. To guarantee the tool's applicability, lucidity, and thoroughness, questions were added, changed, or eliminated.

This procedure made that the questionnaire was in line with the goals of the study and had excellent content validity.

Reliability Testing

A pilot survey of 50 respondents, 25 employees and 25 customers representing various State Bank of India (SBI) branches in Karnataka was executed in order to eliminate mistakes and complete the questionnaire underlying measurement scales. A wide range of demographics & professional backgrounds were represented in the selection of respondents. Using the proper techniques, the scale's validity and reliability were examined following the pilot survey. The questionnaire was modified appropriately after a thorough assessment of the pilot study's feedback. Through the implementation of modifications based on recommendations from practitioners and subject matter experts, this approach guaranteed the tool's comprehensiveness, clarity, and relevance.

A commonly used metric for examining internal consistency, Cronbach's alpha test (Cronbach, 1951), was used to evaluate the questionnaire's reliability after the pilot phase. An alpha value of 0.7 to 0.8 was deemed appropriate, guaranteeing the constructions' dependability and consistency. Acceptable reliability scores were obtained by all constructs, demonstrating the study tool's resilience.

The research tool included a number of components intended to collect the viewpoints of both customers and employees. Perceptions of pre- & post-merger situations, organizational transparency, motivation, job happiness, and work culture were among the components for workers. Customers' happiness with banking services before and after the merger, CRM procedures, e-banking services, value-added services, and general opinions of the bank's performance after the merger were among the components. The instrument's piloting and validation procedures guaranteed the validity and applicability of the data gathered for the investigation. The findings of these reliability and validity tests revealed that the instrument was robust and acceptable for assessing the constructs under consideration. The construct validity was checked after collecting the data.

1.8.7 SAMPLE POPULATION

The State Bank of India (SBI) employees and customers from several Karnataka branches make up the sample population for this study. SBI personnel who worked before and after the merger, as well as clients who used banking services during that time, are included in the target group. This demographic guarantees that internal and external stakeholders are fairly represented, allowing for a thorough assessment of the merger's effects on customer satisfaction, work engagement, and employee satisfaction.

1.8.7.1 DETERMINATION OF SAMPLE SIZE

Customers and staff from SBI's Karnataka branches made up the study's whole target group. 1,780 questionnaires in all were sent out. Following data validation, 1,545 valid responses including 1,020 customers and 525 employees were obtained. With a response rate of almost 86.8%, the study had a sizable and representative sample.

Insights into the operational and financial effects of the merger were made possible by the distribution, which guaranteed participation from a wide range of customers and employees at all hierarchical levels (such as management, clerical, and operational personnel).

1.8.7.2 SAMPLING TECHNIQUE

To guarantee representative coverage of staff and clients across SBI branches, the survey used a proportional stratified sampling approach.

The first stage entailed gathering information from reliable sources, such as the bank's administrative records and internet databases, on the number of SBI branches and their operating capabilities across Karnataka (Prokerala, n.d.). With the application of this data, districts with a substantial branch count were found, guaranteeing a range of operational and geographic representation.

Based on the number of branches in each area, the sample size in the second stage was split proportionately across districts including Bangalore Urban, Bangalore Rural, Mysore, Belgaum, and Gulbarga. To provide equitable representation across hierarchical ranks, employees were divided into management, operational, and clerical levels. In order to represent pre- and post-merger experiences, a mix of new and existing clients were chosen based on their contacts with SBI services.

This approach helped guarantee that the information gathered was accurate to the general public, offering trustworthy insights into how the merger affected workers and clients in various operational and geographic situations.

1.8.7.3 SAMPLE STRUCTURE

Population of the Study

The population of the study focuses on employees and customers of the State Bank of India (SBI) in Karnataka, targeting two distinct groups: internal stakeholders (employees) and external stakeholders (customers). This population is strategically chosen to comprehensively examine the impact of mergers and acquisitions on various dimensions, including financial performance, employee work engagement, job satisfaction, customer satisfaction, and operational challenges.

Population Segmentation

1. **Internal Stakeholders (Employees):** Employees represent the internal perspective, providing insights into the organizational changes, challenges, and outcomes resulting from the merger. Their feedback is vital for evaluating:
    - Changes in work engagement and job satisfaction.
    - Perceptions of operational efficiency post-merger.

- Challenges faced in adapting to new systems and processes.

A total of **525 employees** participated in the study. These employees were sampled from various SBI branches across Karnataka, ensuring representation from different organizational levels and functions.

2. **External Stakeholders (Customers):** Customers represent the external perspective, providing insights into the quality of banking services, satisfaction levels, and their experiences pre- and post-merger. Their feedback helps in:
    - Assessing changes in customer satisfaction.
    - Identifying challenges in service delivery post-merger.
    - Understanding the overall impact on customer-bank relationships.

A total of **1,020 customers** participated, representing diverse demographic and transactional profiles, including retail and corporate banking customers.

Table Sample of the Study

Population Group	Total Population (N)	Sample Size (n) at 5% Error	Study Sample
SBI Employees	12,000	**387**	525
SBI Customers	24,000,000 (2.4 Cr)	**400**	1020

The final response rate for the study was approximately 86.8%, indicating robust participation and a high degree of engagement from both employees and customers. To ensure a representative sample, the study adopted simple random sampling. The simple random sampling technique minimizes bias and ensures that the selected respondents are representative of the overall population. The study targeted 600 employees and 1,200 customers, ensuring that key subgroups were adequately represented while remaining within practical constraints. The sampling approach ensures reliable, generalizable findings. The sample sizes were well above the calculated minimum sample size required for statistical significance, even with a confidence level of 95% and a margin of error of 5%.

1.8.8 DATA COLLECTION METHOD

State Bank of India (SBI) employees and customers from different Karnataka branches were provided with a structured questionnaire to answer in order to conduct personal

interviews and collect data for the study. Perceptions before and after the merger, satisfaction levels, work culture, CRM procedures, and SBI's overall performance were all gathered using the structured questionnaire. A complete understanding of the respondents' viewpoints was guaranteed by the personal interview method, which made it possible to gather rich and trustworthy data.

1.8.9 VARIABLES / FACTORS USED IN THE STUDY

The study included customer satisfaction, organizational transparency, employee perception, work culture, customer relationship management (CRM) approaches, and satisfaction levels as important factors. Within these important areas, the research design additionally included some particular factors. Pre- and post-merger staff perceptions, motivation levels, changes in work culture, issues that arose following the merger, the bank's dynamism after the merger, e-banking as well as value-added services, and SBI's performance after the merger were among these.

The study's variables are provided in Table 1.3a and 1.3b. The comprehensive inclusion of all important constructs pertinent to assessing the merger's effects on State Bank of India personnel and clients was guaranteed by this methodical methodology. Table 1.3a and Table 1.3b below list the variables used to conduct the study for the Employee Questionnaire & the Customer Questionnaire, respectively.

Table : Variables/Factors used in the Study

Sl. No.	Variables/Factor	
1.	Demographic Profile	Gender
		Age
		Marital Status
		Educational Qualification
		Job Category
		Years of Service
		Annual Salary
2.	Opinion on Pre- and Post Merger of SBI and its Associates	Perception of Employees Pre-merger (7 items)
		Perception of Employees Post-merger (12 items)
3.	Satisfaction level of Employees after the merger	Workplac
		Functioning hours
		Know-how
		Grievance Management
		Job security
		Designation
		Work allocation
		Job change
		Compensation changes and Salary structure
		H R practices
		Career Development
		Recognition & Reward
		Personal growth
		Responsibility
		Reporting system
		Centralization
		Supervision
		Association with boss
		Association with peers

		Customer
		Uncertainty
		Work allocation
		Job change
		Compensation changes and Salary structure
		H R practices
		Career Development
		Recognition & Reward
		Personal growth
		Responsibility
		Reporting system
		Centralization
		Supervision
		Association with boss
		Association with peers
		Customer
		Uncertainty
4.	Problems after the merger	IT problems
		Problems related to changes in the job culture
		HR
		Change in the salary structure
		Increased stress and anxiety
		Fear of unknown
		Issues related to communication
5.	Background Information	Satisfaction with Working Atmosphere
		Challenging Nature of Work
		Satisfaction with Salary
		Satisfaction with Allowances

		Satisfaction with Leave Benefits
		Change in Leave Structure
		Satisfaction with Transfers
		Changes in Transfer Policy
		Satisfaction with Promotions
		Changes in Promotion Policy
		Perception of Gender Bias in Promotions
		Post-Merger Training Availability
		Frequency of Training
		Duration of Training
		Effectiveness of Training
		Bank Premises Facilities Post-Merger
6.	Work Culture after merger	11 items
7.	Motivation of Employees after the merger	9 items
8.	Dynamism of the Bank after the merger	10 items
9.	Transparency in the Bank	8 items
10.	Customer Relationship Management	13 items

Table : Variables/Factors used in the Study

Sl. No.	Variables/Factors	
1.	Demographic Profile	Gender
		Age
		Educational Qualification
		Occupation
		Marital Status
		Reason for Choosing SBI
		Type of Account Maintained
		Understanding of Pre- and Post-Merger Services
		Best Quality of SBI Service
		Uncomfortable Post-Merger Services
		Problems in SBI Services
2.	Opinion on Pre- and Post Merger of SBI and its Associates	Perspectives of Customers about the Services Provided by the Bank pre-merger (25 items)
		Perspectives of Customers about the Services Provided by the Bank post-merger (25 items)
3.	CRM Practices in pre- and post-merger of subsidiaries of SBI	Level of perception - pre-merger (13 items)
		Level of perception post-merger (13 items)
4.	Impact of pre- and post-merger of SBI Associates on e-banking and value-added services	Level of perception -in pre-merger (4 items)
		Level of perception in post-merger (4 items)
5.	Opinion about the Performance of the Bank Post-Merger	15 items

1.8.10 RESEARCH TOOLS AND SOFTWARE PACKAGE USED

Various statistical methods were used in this study to examine the data that was acquired. Among these tools were:

1. Reliability Test and Validity,
2. Percentage Analysis,
3. Descriptive Analysis,
4. Independent Sample t-Test,
5. Paired Sample t-Test,
6. One-Way ANOVA,
7. Regression Analysis,
8. Structural Equation Modeling (SEM) and Path Analysis

1.9 SCOPE OF THE STUDY

- This study's scope covers a thorough investigation of the State Bank of India's (SBI) merger with its affiliated banks, with an emphasis on the perspectives of both employees and customers.
- The research looks at post-merger CRM practices, job satisfaction, motivation, transparency, and work culture for employees.
- It looks into e-banking, value-added services, CRM effectiveness, and service quality from the perspective of the client. The study concentrates geographically on SBI branches in various districts of Karnataka, each of which represents a different operating environment.

By addressing these topics, the study seeks to offer practical insights into the advantages and difficulties of significant banking mergers

1.10 SIGNIFICANCE OF THE STUDY

The banking industry plays a pivotal role in any economy, serving as the backbone for financial transactions, credit facilitation, and overall economic development. The consolidation of the State Bank of India (SBI) with its associate banks' marks one of the most significant mergers in the Indian banking landscape. This study offers a timely and comprehensive analysis of how such a merger affects the bank's physical and financial performance.

1.11 LIMITATIONS OF THE STUDY

This study was conducted in the banking sector, and therefore, the findings cannot be compared and generalized against other industrial sectors. All limitations associated with various tools, such as ratio analysis, mean, standard deviation, ANOVA, and t-test, may affect the richness of this work. The study did not attempt any comparative analysis of cross-sector. This may also be taken as another limitation. Potential limitations included limited access to internal SBI records, potential response bias, and the ever-changing landscape of the banking industry, which may introduce external factors not accounted for in this study. The sample is collected through a structured questionnaire with 1525 respondents. The findings cannot be generalized based on such a small population. Time was one of the significant constraints of the study. If sufficient time had been invested, better results could have been generated.

1.12 ETHICAL CONSIDERATIONS

Prioritizing research ethics is essential for establishing a systematic and ethical framework for conducting a study. Because this research combined both theoretical and empirical elements, a strong focus on ethical standards was necessary. In this context, the contributions of researchers and authors who provided secondary source data were duly acknowledged, helping to minimize the risk of infringing on patents and copyrights. Simultaneously, the confidentiality of participants' personal information was meticulously maintained to facilitate a systematic investigation.

1.13 CHAPTER LAYOUT

Chapter I: Introduction

This chapter deals with the introduction, need for the study, statement of the problem, objectives of the study, scope of the study, hypothesis of the study, Research methodology, and limitations of the study.

Chapter II: Review of Literature and Conceptual Framework for Mergers in Banks

This chapter presents a literature review, research gap, and conceptual framework, including the meaning, goals, and benefits of Mergers, types of mergers, the legal framework for mergers in India, recent changes in Indian banking Sectors, and the Need for mergers in the Indian Banking Industry.

Chapter III: Performance of State Bank of India in the Pre- and Post-Merger Period

This chapter analyzes SBI's performance pre- and post-merger through key financial ratios and share prices from 2019-2023.

Chapter IV: Data Analysis and Interpretation

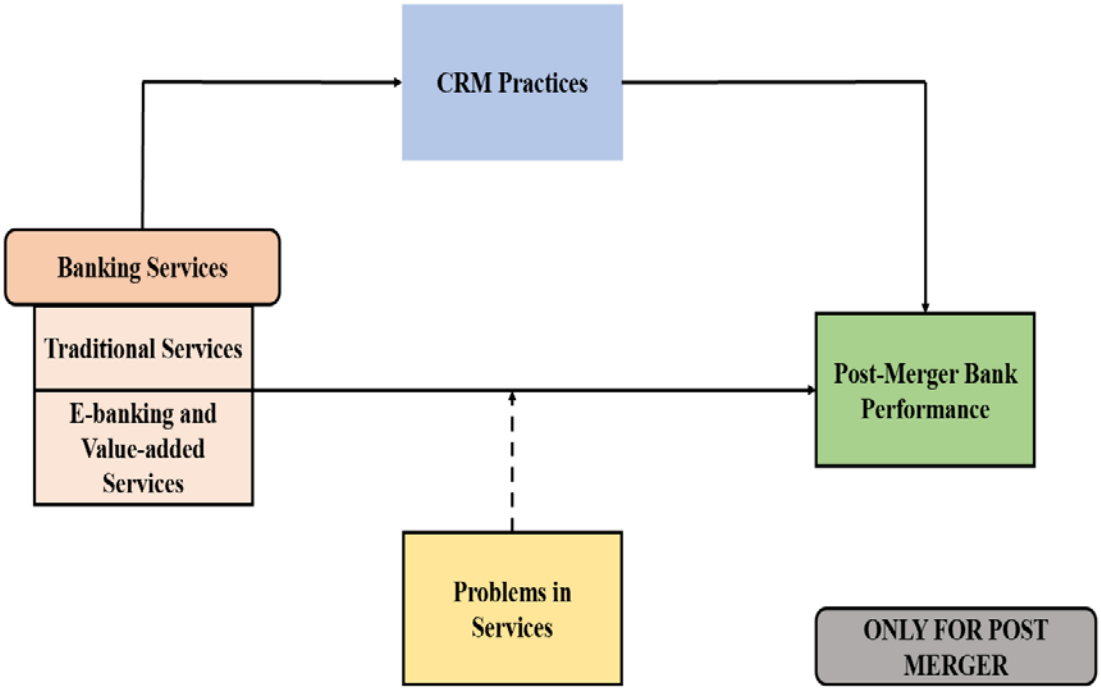
It analyzes SBI's performance pre- and post-merger using primary data collected from the questionnaire. The responses obtained from employees and customers were analyzed using descriptive and inferential statistics.

Chapter V: Findings of the Study, Conclusion and Suggestions

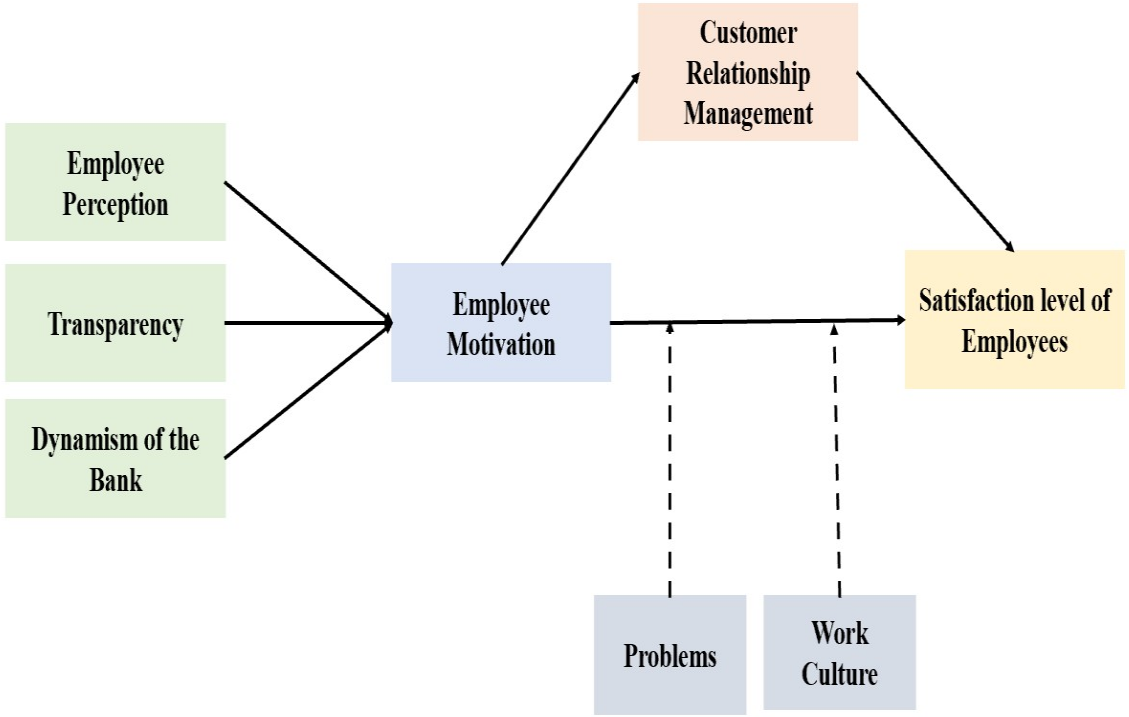
It presents a summary of findings, conclusions, and suggestions.

1.14 CONCEPTUAL MODELS

MODEL 1



MODEL 2



1.15 FINDINGS OF THE STUDY

1.15.1 Findings On Customer Perception

1.15.1.1: Major findings on Percentage Analysis

- ✓ **Gender of Respondents**

There were 492 male participants, constituting 48.23% of the total study population. There were 528 female participants, making up 51.76% of the total. This shows that a slight majority of the respondents are female.

- ✓ **Age Group of Respondents**

The group of below 20 years comprises 215 individuals, accounting for 21.1% of the total sample. The age group between 25 to 35 years contains 150 individuals, making up 14.7% of the sample. With 211 individuals, the group between 35 to 45 years forms 20.7% of the sample, indicating a significant portion of the population likely in the midst of their careers and possibly with growing families. 45 to 55 years category includes 202 individuals, representing 19.8% of the total. The largest group aged above 55 years consists of 242 individuals, which is 23.7% of the sample.

- ✓ **Educational Qualification of Respondents**

212 respondents, making up 20.8% of the total includes individuals who have completed a diploma program. 239 individuals, accounting for 23.4% of the total completed a bachelor's degree. 298 respondents or 29.2% of the sample involved individuals with a master's degree or equivalent to the post-graduate category. 249 individuals or 24.4% achieved the highest level of academic qualification, a doctorate degree. A small group of 22 respondents, accounted for 2.2% of the sample.

- ✓ **Occupation of Respondents**

Representing nearly 18% of the sample, 182 individuals identify as self-employed, indicating a significant portion of the population engages in entrepreneurial or freelance activities. 254 individuals (approximately 25%) were working in the private sector. 178 people (17.5%) work for the government indicating a substantial reliance on public sector employment among the respondents. Students make up 16.5% of the sample (168 individuals), highlighting the presence of a significant number of individuals pursuing education. There are 116 retirees, accounting for 11.4% of the sample and representing nearly 12% of the sample, 122 individuals are housewives.

- ✓ **Marital Status of Respondents**

A total of 701 individuals are married, constituting approximately 68.725% of the sample. There are 319 individuals who are unmarried, making up about 31.275% of the sample.

- ✓ **Response to Respondents Understanding of SBI Pre and Post-Merger Services**

The distribution shows a clear majority of respondents (64%) in favor of or agreeing with the presented statement, suggesting that the viewpoint or condition expressed by the statement resonates with a significant portion of the surveyed population. The remaining 36% of the respondents do not agree with the statement, highlighting a substantial minority with a different perspective or experience relative to the subject matter of the statement.

- ✓ **Response to type of account maintained in the Bank**

276 individuals, representing 27.1% of the total sample, hold a current account. The most common account type among the respondents is the savings account, with 333 individuals or 32.7% of the sample. 275 individuals (26.9%) have a loan account suggesting a significant portion of the sample has borrowed from the bank. The least common type of account among the participants is the business account, held by 136 individuals or 13.3% of the sample.

- ✓ **Response to Service Quality of SBI**

The responses to service quality of SBI across five different dimensions: Empathy, Tangibility, Responsiveness, Reliability, and Assurance. Empathy received the lowest number of responses (161), constituting 15.8% of the total. This dimension reflects the bank's ability to provide caring and individualized attention to its customers. Tangibility, with 304 responses, accounting for 29.8% of the total, was the second most recognized dimension. This dimension covers the physical aspects of the service, including the appearance of physical facilities, equipment, personnel, and communication materials. Responsiveness received slightly more responses than tangibility (308 responses), making it the most recognized service quality dimension at 30.2% of the total. This dimension assesses the bank's willingness to help customers and provide prompt service. Reliability, with 109 responses (10.7%), is rated just above empathy. This dimension measures the bank's ability to perform the promised service dependably and accurately. Assurance garnered 138 responses, constituting 13.5% of the total feedback. This dimension evaluates the bank's ability to convey trust and confidence.

- ✓ **Response to SBI post-merger service that the respondents are not comfortable in their transactions**

The highest number of respondents, 296 (29.0%), reported being uncomfortable with the high interest rates post-merger. With 284 respondents (27.8%), is discomfort related to the establishment of new software. The third most cited area of discomfort, mentioned by 246 respondents (24.2%), is the low level of responsiveness. Discomfort of 194 respondents (19.0%) relates to the time schedule, which might include banking hours, the speed of transaction processing, or the availability of services.

- ✓ **Response to reason for selecting State Bank of India**

The responses are categorized into five main reasons: Trust, Quality of Service, Location, Technology Used, and Ease of Use (Anywhere, Anytime Services). 163 respondents, accounting for 15.9% of the total, chose SBI due to trust. This highlights the importance of the bank's reputation and customers' confidence in its stability and reliability. 293 respondents or 28.7% of the total indicated that the quality of service provided by SBI is a significant factor in their selection. 225 respondents, making up 22.1% of the total, cited the location of SBI branches as their primary reason for banking with SBI. 160 respondents (15.7%) selected SBI for its technology, reflecting the bank's investment in digital banking platforms, online services, and modern banking solutions that appeal to tech-savvy customers or those valuing digital convenience. With 179 responses, making up 17.6% of the total, the ease of use (Anywhere, Anytime Services) underscores the value customers place on being able to access banking services outside of traditional branches or hours, emphasizing the importance of online and mobile banking capabilities.

- ✓ **Responses to problems in services provided by the Bank**

174 respondents (17.1%) reported this issue, indicating a significant portion of customers feel there are insufficient opportunities for personalized advice on their banking needs. 221 respondents (21.7%) highlighted a substantial number of customers' desire for direct and possibly more personal interactions with their bank, which they currently find lacking. 236 respondents (23.1%), points to operational difficulties encountered by customers when attempting to conduct transactions. Security concerns were raised by 205 respondents (20.1%), indicating a significant worry about the safety and privacy of their banking transactions. 184 respondents (18.0%) felt that their own lack of understanding or knowledge regarding computerized or digital banking transactions was a problem.

1.15.1.2 MAJOR FINDINGS ON THE CONSTRUCTS

Opinion on pre-Merger of SBI and its Associate

- ✓ The statement which states long waiting hours in the bank wasted time pre-merging of banks was highly agreed by the customers (M=3.9901; Rank= 1).
- ✓ However, there is a lack of proper guidance from bankers was moderately agreed by the customers (M=3.2843; Rank=26).

Opinion on post-Merger of SBI and its Associate

- ✓ Similarly in the case of customers views on Post-Merger of SBI and its Associates the statement which indicates technology is making it difficult to deal with the bank (M=3.9431; Rank=1) was highly agreed by the customers.
- ✓ But the attitude of bank officials is unfavourable was comparatively less agreed by the customers (M=2.7764; Rank= 25).

CRM Practices in pre-merger of subsidiaries of SBI

- ✓ The statement which states excellent staff response to queries pre-merging of banks was highly agreed by the customers (M=3.8107; Rank= 1)
- ✓ But consistent customer experience was moderately agreed by the customers (M=3.3323; Rank=13).

CRM Practices in post-merger of subsidiaries of SBI

- ✓ The statement which indicates Communication tools are effective (M=3.9627; Rank=1) was highly agreed by the customers.
- ✓ But routinely asking customers to give feedback was moderately agreed by the customers (M=3.399; Rank= 13).

Impact of pre-merger of SBI Associates on e-banking and value-added services

- ✓ The statement which states they are willing to provide credit card and purchase information through WWW/e-mail in the case of pre-merging of banks was highly agreed by the customers (M= 3.7666; Rank= 1).
- ✓ Yet, the statement which indicates they are to provide credit card and purchase information over the Internet when this information is encrypted was moderately agreed by the customers (M=3.3411; Rank=4).

Impact of post-merger of SBI Associates on e-banking and value-added services

- ✓ The statement which indicates they are willing to provide credit card and purchase information over the Internet when this information is encrypted (M= 3.7411; Rank=1) was highly agreed by the customers.

- ✓ But the statement which says they are willing to provide credit card information and personal information over the Internet to a Web vendor who is well-known and reliable was moderately agreed by the customers (M= 3.4421; Rank= 4).

Opinion about the Performance of the Bank Post-Merger

- ✓ The statement which indicate that the salaries of the existing bank staff have been affected positively after the merger (M= 3.9372; Rank=1.5) and the post-merger management policies are favourable for the growth of the money invested by the shareholders (M= 3.9372; Rank= 1.5) was highly agreed by customers.

- ✓ But the statement which says that the shareholders and the depositors have shown a better response in terms of trust growth after the merger (M= 3.4117; Rank= 15) was moderately agreed by the respondents.

1.15..2 Findings On Customer Perception

1.15.2.1: Major findings on Percentage Analysis

- ✓ **Gender of Respondents**

Out of the total sample, 308 individuals, or 58.7%, are male. This indicates that males constitute a majority of the sample. The remaining 217 individuals, or 41.3%, are female. This shows that females make up a significant portion but less than half of the sample.

- ✓ **Age of Respondents**

The age group of 26-35 years consists of 115 individuals, making up 21.9% of the total population/sample. The 36-45 years age group has the highest frequency, with 189 individuals, accounting for 36.0% of the total. The age group 46-55 years, consisting of 168 individuals, comprises 32.0% of the population/sample. The smallest age group of above 55 years, with 53 individuals, represents 10.1% of the total. The majority of the population/sample falls within the 36-45 and 46-55 age groups, with these two categories together making up 68.0% of the total. This suggests that the group primarily consists of individuals in the middle to late stages of their careers.

- ✓ **Marital Status of Respondents**

Out of the total, 300 individuals are married, which constitutes 57.1% of the surveyed population. The remaining 225 individuals are unmarried, making up 42.9% of the total population surveyed. The distribution of marital status in this population suggests a relatively balanced composition, albeit with a higher proportion of married individuals.

- ✓ **Educational Qualification**

97 individuals, representing 18.5% of the total, have an intermediate level of education. 128 individuals, or 24.4% of the group, hold a Bachelor's degree, indicating they have completed undergraduate studies. 135 individuals, making up 25.7% of the total have attained a Master's degree, showing a higher level of postgraduate education. The largest category, with 165 individuals or 31.4% of the total were Professionals.

- ✓ **Job Category of Respondents**

There are 137 individuals classified as Managers, constituting 26.1% of the total. The Officers category comprises 130 individuals, making up 24.8% of the total. There are 125 individuals categorized as Staff, accounting for 23.8% of the total. The Clerks category includes 133 individuals, which is 25.3% of the total. A significant portion of employees were of the managerial category with leadership or supervisory roles.

- ✓ **Years of Service**

97 employees, or 18.5% of the total respondents, have less than 5 years of service. The largest group consists of 126 employees have been in service between 6 to 10 years, making up 24.0% of the total. 120 employees, or 22.9% of respondents, have 11 to 15 years of service. 80 employees, which is 15.2% of the total respondents were in service since 16 to 20 years. 102 employees, or 19.4% of the total, have been in service for more than 20 years.

- ✓ **Annual Salary of Respondents**

141 individuals, or 26.9% of the total, earn an annual salary within Rs. 2,50,000 to Rs. 5,00,000. 179 individuals, making up 34.1% of the total was the largest group, indicating a significant portion of the population earns a mid-level income that might be considered the average or

median salary range Rs. 5,00,000 to Rs. 7,50,000. 151 individuals, or 28.7% of the total had an annual salary of Rs. 7,50,000 to Rs. 10,00,000. The smallest group, with 54 individuals or 10.3% of the total, earns salaries above Rs. 10,00,000.

- ✓ **Awareness of Merger process of the banks**

91 respondents, representing 17.3% of the total, indicated that they were not aware of the bank merger process. 434 respondents, or 82.7% of the total, stated that they were aware of the bank merger process.

- ✓ **Number of Mergers of Banks Seen by Employees**

170 respondents where only one merger was observed, accounted for 32.4% of the total respondents. 233 respondents, made up 44.4% of the total respondents indicated that nearly half of the banks in the sample experienced two mergers, making it the most prevalent category. 63 respondents (12.0%) involved banks that had gone through three mergers. 59 respondents (11.2%) involved banks that experienced four mergers.

- ✓ **Satisfaction with present working conditions**

72 respondents, or 13.7% of the total, reported that they are not satisfied with their present working conditions. A substantial majority of 453 respondents, accounting for 86.3% of the total, expressed satisfaction with their current working conditions. This high percentage suggests that the majority of individuals feel positive about their work environment, indicating overall contentment or acceptance of their current situation.

- ✓ **Work in the Bank is Challenging**

Out of a total of 525 respondents, a vast majority, 450 employees (which accounts for 85.7%), agreed that work in the bank is challenging. In contrast, only 75 respondents (14.3%) did not find work in the bank to be challenging.

- ✓ **Satisfaction with respect to Present Salary**

Out of a total of 525 respondents, 25 individuals, representing 4.8% of the total, reported that they are not satisfied with their present salary. Conversely, a substantial majority of 500 respondents, accounting for 95.2% of the total, indicated that they are satisfied with their current salary.

- ✓ **Satisfaction with the Allowances Given**

A significant majority of the respondents, 447 individuals, which accounts for approximately 85.143% of the total, have expressed satisfaction with the allowances they receive. This indicates a high level of approval or contentment among the majority of the participants regarding the allowances. A smaller portion of the sample, 78 individuals or about 14.857% of the total respondents, have expressed dissatisfaction with the allowances. This group represents those who are not content with the allowances provided.

- ✓ **Satisfaction with the leave benefits given after the merger of the Bank**

A significant majority of the respondents, 442 out of 525, equivalent to 84.2%, expressed satisfaction with the leave benefits provided by their employer or within the context of the survey. This suggests that the leave benefits are well-received by most of the employees or survey participants. A smaller portion of the respondents, 83 out of 525, representing 15.8%, indicated that they are not satisfied with the leave benefits. This group might have concerns or unmet expectations regarding the leave policies, such as the amount of leave available, the flexibility of leave usage, or the process of applying for leave.

- ✓ **Change in the leave structure after the merger**

88 respondents (16.8%) reported that there was no change in the leave structure after the merger. This suggests that a minority of the individuals surveyed experienced stability in terms of leave policies following the organizational change. 437 respondents (83.2%) indicated that there was a change in the leave structure following the merger. This significant majority suggests that the merger led to a substantial modification of leave policies affecting most of the surveyed individuals.

- ✓ **Satisfaction with the transfers given after the merger**

A significant majority of the respondents, 461 employees, which accounts for 87.8% of the total, expressed satisfaction with their transfers post-merger. This high percentage indicates a positive reception of the transfer process among the majority of the employees involved. A smaller portion of the respondents, 64 employees or 12.2% of the total, reported not being satisfied with their transfers after the merger. While this is a minority, it still represents a notable number of employees whose expectations or needs may not have been adequately met through the transfer process.

- ✓ **Changes in the transfer policy after the merger**

Out of the total respondents, 47 individuals, representing 8.9% of the sample, reported that there were no changes in the transfer policy following the merger. A significant majority, 478 respondents or 91.1% of the total, indicated that there were changes in the transfer policy after the merger.

- ✓ **Promotions after Merger**

Out of the 525 respondents, 90 individuals, representing 17.1% of the total, reported that they are not satisfied with the promotions. Conversely, 435 respondents, accounting for 82.9% of the total, indicated that they are satisfied with the promotions.

- ✓ **Change in the promotion policy after the merger**

Out of the total 525 respondents, 68 individuals (representing 12.9% of the total responses) indicated that there was no change in the promotion policy after the merger. This suggests a minority of the respondents perceive the promotion policies to have remained consistent post-merger. A significant majority, 457 respondents (which is 87.1% of the total), reported that the promotion policy did change following the merger. This indicates a strong perception or reality of change in how promotions are handled in the aftermath of the merger.

- ✓ **Gender Bias in Promotions**

Out of the 525 respondents, a significant majority, 421 individuals, which accounts for 80.2% of the total, responded experienced or perceived gender bias in promotions. This indicates that a substantial portion of the sample believes there is gender bias affecting promotion decisions in their context. Conversely, a smaller segment of the sample, 104 respondents or 19.8%, indicated not perceiving or experiencing gender bias in promotions. This group does not view gender bias as influencing promotion decisions within their organization or the area of study.

- ✓ **Post-Merger Training**

Out of the total responses, 64 employees, accounting for 12.2% of the total, reported that they did not receive any training after the merger. A significant majority, 461 employees or 87.8% of the total, indicated that they did receive training following the merger.

- ✓ **Frequency of Training**

22 participants, or 4.2% of the total, reported receiving training once a year. This suggests a relatively small group benefits from annual training sessions. Similarly, 22 participants, representing another 4.2% of the total, indicated they receive training twice a year. A significant portion of the respondents, 200 in total or 38.1% of all participants, reported that they undergo training once every two years. The second-largest group consists of 144 participants, or 27.4% of the total, who receive training once every three years. 137 participants, making up 26.1% of the total, indicated that they receive training less frequently than once every three years.

- ✓ **Duration of training**

The shortest training duration category of less than a week has 169 participants, making up 32.2% of the total. This indicates that a significant portion of the training sessions is designed to be concise, possibly focusing on specific skills or updates that do not require extensive time. 154 participants had training sessions for one week, accounting for 29.3% of the total. 202 individuals (38.5%) indicates that the most common training duration exceeds one week.

- ✓ **Performance of Employee after Training**

445 employees (approximately 84.8%) reported an improvement in their performance following the training. This significant majority indicates that the training program was effective for most participants, enhancing their skills or knowledge in a way that positively impacted their job performance. Conversely, 80 employees (approximately 15.2%) did not see an improvement in their performance after attending the training program. This suggests that for a minority of the participants, the training did not result in noticeable or immediate enhancements to their performance. This could be due to various factors such as the relevance of the training content, individual learning styles, or the application of the training to their specific job roles.

Performance Yield Post-Training

- ✓ **Good facilities in Post-merger banking premises**

A significant majority, 498 respondents, which accounts for 94.9% of the total, indicated that the facilities in the post-merger banking premises are good. This high percentage suggests a strong positive reception towards the quality of the facilities following the merger. A small

minority, 27 respondents or 5.1% of the total, reported that the facilities in the post-merger banking premises are not good. This indicates that there is a small segment of individuals who are dissatisfied with the facilities after the merger.

1.15.2.2 MAJOR FINDINGS ON THE CONSTRUCTS

Perception of Employees Pre-merger

- ✓ The statement which illustrates that the reason behind the merger of banks is provided (M= 4.2685; Rank= 1) was highly agreed by the employees.
- ✓ The statement which says that proper information concerning merger is available (M= 3.3847; Rank=7) was moderately agreed by the employees.

Perception of Employees Post-merger

- ✓ The statement which illustrates that they have Understood their role (M= 4.2685; Rank= 1) was highly agreed by the employees.
- ✓ However, the statement which says that they were provided proficient Guidance (M= 3.4457; Rank=12) was moderately agreed by the employees.

Satisfaction level of Employees after the merger

- ✓ Employees were highly satisfied with being associated with boss (M=4.1047; Rank= 1)
- ✓ Yet, employees indicated that they are moderately satisfied with the customers (M=3.2761; Rank= 21).

Work Culture after Merger

- ✓ The statement which states bank relies on them for significant tasks to be completed (M=3.7733; Rank=1) was highly agreed by the employees.
- ✓ However, the statement which says that post-merger their dept. made a valuable contribution (M=3.3123; Rank=11) was moderately agreed by the respondents.

The Motivation of Employees after the Merger

- ✓ The statement which states assignments are clearly explained to the employees (M= 3.770; Rank=1) was highly agreed by the respondents.
- ✓ But the statement which says they regularly receive recognition/praise for doing good work (M= 3.312; Rank= 9) was moderately agreed by the respondents.

Dynamism of the Bank after the Merger

- ✓ As per the results, employees indicated that compensation paid is better after the merger (M= 3.766; Rank= 1) by highly agreeing to the statement.
- ✓ However, the statement which states Communication is maintained across all levels indicated a moderately level of agreement (M= 3.316; Rank= 10).

Transparency in the Bank

- ✓ The statement which states that they are aware of the events happening in other parts of the Bank (M= 3.758, Rank= 1) was highly agreed by the respondents.
- ✓ Yet, the statement which says employees are updated with information (M= 3.318; Rank= 7.5) and their bank trusts them in major decision-making (M= 3.318; Rank= 7.5) was moderately agreed by the respondents.

Employees' views on Customer Relationship Management pre-merger of banks

- ✓ As per the results, it is observed that the stamen which states that providing customized services and products (M= 3.9219; Rank= 1) was highly agreed by the respondents.
- ✓ However, the statement which says Increasing customer convenience (M= 3.3466; Rank=13) was moderately agreed by the employees.

Employees' views on Customer Relationship Management post-merger of banks

- ✓ The statement which says communication tools are effective (M= 3.72; Rank= 1) was highly agreed by the employees.
- ✓ Yet, the statement which says providing customized services and products (M= 2.9847; Rank= 13) was moderately agreed by the respondents.

1.15.3 Major findings on Hypotheses Testing

H1: Demographic factors significantly influence customer perception of banking service, customer relationship management & post-merger bank performances.

As per the results, customers' gender, age, educational qualification, and occupation significantly influence customer perception of banking service, customer relationship management & post-merger bank performances. However, Marital status significantly

influence their Post Merger Bank Performances, as the P value is less than 0.05. Moreover, there is no significant difference between married and unmarried with respect to their customer relationship and perception of bank performance after the merger. Therefore, H1 is accepted.

H2: The perceived quality of banking services significantly influences the operational performance of banks in the post-merger period.

The results of H2 explains that perceived quality of banking services significantly influences operational performance. The standardized beta is .722, which explains that for every one-unit increase in the perceived quality of banking services, .722 units will increase in operational performance. Since the p-value is less than 0.01, the researcher accepts H2. Therefore, the perceived quality of banking services significantly influences the operational performance of banks in the post-merger period. Therefore H2 is accepted.

H3: Customer relationship management in the bank played a significant mediating role in the relationship between banking services and bank performance.

As per the findings, customers' perception regarding banking services strongly influences Bank Performance among customers. Additionally, it significantly drives Customer Relationship Management. Furthermore, Customer Relationship Management significantly impacted Bank Performance. These further hints the mediating role of customer relationship management. As stated in direct effect, Banking Services directly affects Bank Performance. Incredibly, the total effect is greater than the direct effect, demonstrating that Banking Services has a significantly greater influence on Bank Performance when it is mediated by Customer Relationship Management. The indirect effect highlights Customer Relationship Management's critical mediating function, bridging the gap between Banking Services and Bank Performance. This illustrates that nevertheless, Banking Services have a role in Bank Performance independently, but when Customer Relationship Management acts as a mediator, it greatly enhances the impact of Banking Services hence, H3 proved to be true.

H4: Trust in Online Transactions Moderate the relationship between perception on banking services and bank performance.

Further, the moderating role of Trust in Online Transactions on the connectedness between perception on banking services and bank performance has been investigated. As per the results,

perception on banking services significantly influneces bank performance and Trust in Online Transactions independently drive bank performance. Trust in Online Transactions, specifically which enhances users' capacity to process information and make reasonable judgments, has a critical impact on bank performance. Moreover, the moderating role of Trust in Online Transactions improves the correlation between perception on banking services and bank performance. These findings indicate that perception on banking services are amplified by Trust in Online Transactions, that improves the bank performance. As Trust in Online Transactions increases, the usage of perception on banking services hikes eventually for customers with strong Trust in Online Transactions. This suggests the significant impact of perception on banking services on bank performance which is boosted by Trust in Online Transactions, but its absence can hinder this link. Therefore, H4 is accepted.

H5: There is significant difference in Banking Services and CRM practices pre- and post-merger.

The results depicts mean difference in the perception of problems faced in banking services before and after merger. As per the mean value, respondents showed high level of problems faced in banking services pre-merger compared to post merger as the mean values are greater in case of pre-merger. Moreover, the result of paired sample t-test revealed significant difference in the problems faced in banking services before and after the merger of SBI, as the p value obtained is less than 0.05. Therefore, there is significant difference in problems faced in banking services before and after merger. Hence, H5.1 is accepted.

Further, respondents showed high level of Customer relationship management post-merger compared to pre-merger as the mean values are greater in case of post-merger. Moreover, the result of paired sample t-test revealed significant difference in the Customer relationship management before and after the merger of SBI, as the p value obtained is less than 0.05. Therefore, there is significant difference in Customer relationship management before and after merger. Hence, H5.2 is accepted.

H6: Problems in Services significantly hinders the relationship between banking services and bank performance.

According to the result, it is evidenced that the model is significant in all the levels of challenges faced by the customers in availing the services, which demonstrates the high influence of perception on banking services on the bank performance, as the p value is below

0.01. Furthermore, to assess the impact of customers' perception on the bank performance, the study examined Beta coefficients with respect to three levels of challenges. As per the beta coefficients, respondents facing a low level of challenges considers customers' perception on banking services as the highest contributor for the bank performance compared to high and moderate level of challenges. This recommends that one unit of increase in customers' perception on banking services contributes to 76.4 percent increase in the bank performance when the level of challenges is low; but in case of high level of challenges, one unit of increase in customers' perception on banking services contributes to 65.5 percent increase in the bank performance. As the low level of challenges increase the impact of customers' perception on banking services on the bank performance, it can be inferred that Challenges faced by the customers in availing of banking services moderates the impact of customers' perception on banking services on the effectiveness of bank performance. Therefore, H6 is accepted.

H7: There is significant difference in employee perception and customer relationship management between pre and post-merger of bank.

The findings depicts mean difference in the employee's perception of Banking Services and CRM practices before and after merger. As per the mean value, respondents showed high level of Banking Services and CRM practices post-merger compared to pre-merger as the mean values are greater in case of post-merger except for Transparent system, Bank website is user friendly, Consistent customer experience and ATMs are adequately provided. Moreover, the result of paired sample t-test revealed significant difference in the Banking Services and CRM practices before and after the merger of SBI, as the p value obtained is less than 0.05. Therefore, there is significant difference in Banking Services and CRM practices before and after merger. Hence, H7 is accepted.

H8: Employee perception, transparency and dynamism of the bank significantly influences employee motivation.

The findings explains that employee perception, transparency and dynamism of the bank significantly influences employee motivation. The standardized beta is .434, which explains that for every one-unit increase in the Employee Perception leads to .434 units increase in employee motivation. Moreover, for every one-unit increase in the Transparency and Dynamism of the Bank leads to .268 units and .168 increase in employee motivation

respectively. Since the p-value is less than 0.01, the researcher fails to accept the null hypothesis and H8 is accepted.

H9: Employee motivation substantially contributes to employee satisfaction.

The results explains that employee motivation significantly influences ($p<0.01$) employee satisfaction. The standardized beta is .511, which explains that for every one-unit increase in the employee motivation leads to .511 units increase in employee satisfaction, Since the p-value is less than 0.01, therefore H9 is accepted.

H10: Customer relationship management practices significantly mediate the relationship between employee motivation and satisfaction.

As per the results, Employee Perception, Transparency and Dynamism of the Bank strongly influences employee motivation among employees. Additionally, employee motivation significantly drives Customer relationship management practices and Satisfaction Level of Employees. Furthermore, Customer Relationship Management significantly impacted Satisfaction Level of Employees. These further hints the mediating role of customer relationship management.

Morerover, Employee Motivations directly affects Satisfaction Level of Employees ($\beta=.272$). However, the total effect is greater than the direct effect, demonstrating that Employee Motivations has a significantly greater influence on Satisfaction Level of Employees when it is mediated by Customer Relationship Management. The indirect effect highlights Customer Relationship Management's critical mediating function, bridging the gap between Employee Motivations and Satisfaction Level of Employees. This illustrates that nevertheless, Employee Motivations have a role in Satisfaction Level of Employees independently, but when Customer Relationship Management acts as a mediator, it greatly enhances the impact of Satisfaction Level of Employees hence, H10 proved to be true.

H11: Problems significantly weakens the relationship between employee motivation and satisfaction.

Further, the moderating role of problems on the connectedness between Employee Motivations and Satisfaction Level of Employees has been investigated. As per the results, Employee Motivations significantly influences Satisfaction Level of Employees and problems negatively

and independently impacts Satisfaction Level of Employees. Moreover, the moderating role of problems faced by the employees weakens the correlation between employee motivation and satisfaction. These findings indicate that Employee Motivations are weakened by problems, that reduces the Satisfaction Level of Employees.

In other words, the problem' moderating role in the association between Employee Motivations and Satisfaction Level of Employees. As Employee Motivations increases, the Satisfaction Level of Employees hikes eventually for customers with low problems faced. This suggests the significant impact of Employee Motivations on Satisfaction Level of Employees which is hindered by problems. Therefore, H11 is accepted.

H12: Work culture significantly moderates the relationship between employee motivation and satisfaction.

In H12, the moderating role of work culture on the connectedness between Employee Motivations and Satisfaction Level of Employees has been investigated. As per the results, Employee Motivations significantly influences Satisfaction Level of Employees and Work culture independently drive Satisfaction Level of Employees. Work culture, specifically which enhances Employee Motivations has a critical impact on Satisfaction Level of Employees. Moreover, the moderating role of Work culture improves the correlation between Employee Motivations and Satisfaction Level of Employees. These findings indicate that Employee Motivations are amplified by Work culture, that improves the Satisfaction Level of Employees. Further, the work culture' moderating role in the association between Employee Motivations and Satisfaction Level of Employees. As Employee Motivations increases, the Satisfaction Level of Employees hikes eventually for employees with strong Work culture. This suggests the significant impact of Employee Motivations on Satisfaction Level of Employees which is boosted by Work culture, but its absence can hinder this link.

1.16 SUGGESTIONS

Based on the comprehensive analysis of the merger between the SBI and its associates, the following suggestions are offered to enhance the effectiveness, efficiency, and overall success of Mergers and Acquisitions (Mergers and Acquisitions) within the commercial banking sector:

For Bankers:

- The study found that the perceived quality of banking services significantly influences the operational performance of banks in the post-merger period (H2).As a result, it is recommended that bankers prioritize improving service efficiency, reducing transaction delays, and enhancing digital banking infrastructure to meet customer expectations.
- The study found that customer relationship management plays a significant mediating role in the relationship between banking services and bank performance (H3). Therefore, bankers should implement personalized banking experiences, loyalty programs, and proactive customer support to foster long-term relationships and trust.
- The study revealed that trust in online transactions moderates the relationship between customer perception of banking services and bank performance (H4). As a result, it is recommended that banks enhance cybersecurity measures, provide digital literacy training, and implement transparent policies to build consumer confidence in online transactions.
- Moreover the study also found that problems in banking services significantly hinder the relationship between banking services and bank performance (H6). Therefore, bankers should actively monitor and resolve service inefficiencies, enhance grievance redressal mechanisms, and ensure regulatory compliance to improve overall banking performance.

For Employees:

- The study found that work culture significantly moderates the relationship between employee motivation and satisfaction (H12). As a result, it is recommended that banks foster a supportive work environment, promote team collaboration, and implement flexible work policies to improve employee well-being.
- The study also found that employee perception, transparency, and dynamism of the bank significantly influence employee motivation (H8). Therefore, banks should encourage open communication, provide regular updates on policies, and ensure ethical banking practices to enhance employee engagement.
- The study found that employee motivation substantially contributes to employee satisfaction (H9). As a result, banks should recognize employee contributions, provide

career development opportunities, and offer incentives to sustain motivation and job satisfaction.

- The study found that problems significantly weaken the relationship between employee motivation and satisfaction (H11). Therefore, banks should address workplace issues, conduct periodic employee feedback surveys, and create employee assistance programs to boost morale and reduce dissatisfaction.

For Customers:

- The study found that demographic factors significantly influence customer perception of banking services, CRM, and post-merger bank performance (H1). As a result, customers should be actively engaged in feedback mechanisms, encouraged to use digital banking services, and educated on post-merger improvements to ensure a smooth banking experience.
- The study found that trust in online transactions moderates the relationship between perception of banking services and bank performance (H4). Therefore, customers should be made aware of security features, phishing risks, and fraud prevention techniques while using online banking services.
- The study found a significant difference in banking services and CRM practices pre- and post-merger (H5). As a result, customers should expect and demand better responsiveness, personalized interactions, and improved problem resolution from banks.
- The study found that problems in services significantly hinder the relationship between banking services and bank performance (H6). Therefore, customers should actively report service issues, participate in banking surveys, and provide constructive feedback to help banks improve their offerings.

For Banking Authorities:

- The study found that customer relationship management significantly mediates the relationship between banking services and bank performance (H3). As a result, banking authorities should establish regulatory guidelines for CRM standards, enforce service quality audits, and encourage banks to adopt customer-centric strategies.
- The study found significant differences in banking services, CRM practices, and

employee perceptions pre- and post-merger (H5, H7). Therefore, authorities should conduct regular post-merger evaluations, ensure fair treatment of employees, and protect customer interests by monitoring service improvements.

- The study found that employee motivation substantially contributes to employee satisfaction (H9). As a result, authorities should introduce policies ensuring fair compensation, employee well-being programs, and skill development initiatives to maintain a motivated workforce.
- The study found that transparency and dynamism significantly influence employee motivation (H8). Therefore, banking authorities should enforce strict compliance with transparency norms, hold banks accountable for service failures, and promote ethical banking practices.

1.17 DIRECTIONS FOR FUTURE RESEARCH

- This study found that demographic factors have a significant impact on customer perception of banking services, CRM, and post-merger performance. Future research can explore how socioeconomic status, digital literacy, and psychological traits influence banking choices and service expectations.
- This study focused on post-merger banking service quality and operational performance. Future research could analyse changes over time to measure long-term impacts on service efficiency, employee retention, and customer happiness.
- Since customer relationship management played a significant mediating role in the relationship between banking services and bank performance, future studies could analyse specific CRM strategies (e.g., AI-driven customer interactions, loyalty programs, personalized banking) to determine which interventions yield the highest customer satisfaction and retention.
- Future research should examine the impact of developing fintech solutions, blockchain technology, and decentralized finance (DeFi) on trust levels and banking service adoption, as trust in online transactions has been proven to moderate user perception of banking services and performance.
- Future study might compare public and private sector banks' post-merger service methods, employee engagement initiatives, and customer satisfaction measures to discover best practices applicable throughout the industry.

- Future study can investigate the impact of work-life balance, digital transformation, AI-driven banking automation, and hybrid work models on employee motivation and satisfaction, as perception, transparency, and dynamism were found to influence motivation.
- Future research can look into how AI, chatbots, and predictive analytics can enhance customer relationship management and banking performance in a rapidly digitizing sector.
- While this study focused on CRM and employee motivation, future research could investigate the psychological impact of mergers on employees, particularly job insecurity, stress, and career growth opportunities.
- Future study should focus on how unresolved service concerns affect customer loyalty, financial inclusion, and attrition rates in both urban and rural banking sectors.
- Future research can examine how cultural diversity, ethical leadership, and organizational change management influence work environments and employee engagement, as work culture has a substantial impact on motivation and satisfaction.
- Future research can explore the role of gender diversity, inclusion policies, and empowerment programs in shaping both employee and customer experiences in banking institutions.

Future studies could conduct a comparative analysis of customer expectations before and after mergers to determine how banking institutions can proactively address customer concerns and improve post-merger retention rates.

1.18 CONCLUSION

This study illuminated the multifaceted impacts of SBI's merger with its associate banks, offering valuable insights into the complexities of Mergers and Acquisitions within the Indian banking sector. The observed improvements in customer-facing aspects, such as CRM practices (particularly in customized services, privacy policies, and loyalty programs), and e-banking services, provide compelling evidence of the potential strategic and operational benefits of bank consolidations within the Indian context. While some areas like perceived transparency and communication tool effectiveness require further attention, the overall positive trend in customer satisfaction suggests that SBI's post-merger strategies have largely resonated with its customer base. Similarly, positive shifts in employee perceptions regarding their work environment, job

satisfaction, and perceived strategic direction demonstrate the effectiveness of SBI's human resource management during this complex transition. However, the study also highlighted areas like post-merger guidance and consistent application of feedback mechanisms where further improvements are needed to fully address employee concerns.

These outcomes demonstrate that with meticulous planning, transparent communication, and targeted integration efforts, the inherent disruptions of mergers can be mitigated and transformed into opportunities for growth, innovation, and enhanced performance within the Indian banking landscape. For SBI, the merger with its associates has acted as a catalyst for organizational renewal, enabling the bank to solidify its market dominance in India, refine its service delivery, and cultivate a more engaged workforce. The improvements in service efficiency, reflected in the reduction of required customer visits, further underscore the operational benefits of the merger. However, the increase in customer concerns regarding digital security post-merger highlights a critical area requiring immediate and sustained attention from SBI.

The merger's success in enhancing customer and employee satisfaction, alongside operational efficiencies, underscores the critical importance of strategic synergies in Mergers and Acquisitions activities within the banking sector. For State Bank of India and its associates, aligning operational practices, technological platforms, and corporate cultures were key drivers of positive outcomes. The integration of technology, particularly in e-banking and value-added services, has positioned State Bank of India as a more competitive player in India's rapidly expanding digital banking space. Future research could explore the specific strategies employed by State Bank of India to achieve this seamless technology integration, minimizing disruptions and maximizing the adoption of new services within the Indian context.

The observed enhancement of work culture, increased intra-departmental collaboration, and fostering of innovation post-merger highlight the crucial role of cultural integration in Mergers and Acquisitions success. While operational and strategic synergies are essential, the human element particularly the alignment of merging entities' cultures and values plays a significant role in overall success. SBI’s experience underscores this, demonstrating the importance of addressing employee anxieties, providing clear communication about changes, and investing in cultural integration programs tailored to the Indian cultural context. Future research investigating the specific methods and practices that facilitated effective cultural integration within State Bank of India could provide valuable insights for future Mergers and Acquisitions activities in India.

The findings related to employee motivation and job satisfaction post-merger emphasize the need for ongoing support and development opportunities for employees in the aftermath of Mergers and Acquisitions activities within the Indian banking sector. SBI's experience, with findings showing areas of neutrality and concerns regarding career growth and recognition, highlights the importance of addressing these issues to maintain operational continuity and foster innovation. Further research could examine the long-term effects of mergers on employee well-being within the Indian banking sector and evaluate the effectiveness of different support and development strategies.

While this study provides comprehensive insights into the State Bank of India merger, its focus on immediate post-merger outcomes offers a snapshot and does not capture long-term effects within the dynamic Indian banking landscape. Longitudinal studies tracking SBI's performance over several years could provide a more detailed understanding of how the merger's benefits evolve and how the bank navigates emerging challenges in the Indian market. Additionally, the study's focus on a single merger limits its generalizability to other contexts or banking sectors in different geographic regions, particularly outside of India. Comparative studies involving multiple banking Mergers and Acquisitions within India and other emerging markets could enrich the understanding of factors contributing to success or failure within these specific contexts. Future research could also investigate the specific impact of the merger on smaller associate banks and their employees within the broader State Bank of India framework, as their integration into such a large entity presents unique challenges specific to the Indian banking system. This study provides substantial evidence of positive outcomes associated with the State Bank of India merger, contributing to a deeper understanding of the strategic value of Mergers and Acquisitions within the Indian banking sector. By leveraging these insights, financial institutions in India can better navigate the complexities of Mergers and Acquisitions, ensuring such endeavors bolster their competitive advantage, operational efficiency, and stakeholder value within the specific context of the Indian financial landscape.

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1.20 LIST OF RESEARCH PUBLICATIONS

The researcher published 2 articles in different National UGC Care Listed journals. The details are given below:

Sl. No.	Title of Paper Published	Name of Journal and ISSN of	Year of Publication	National/International
01	Evaluating Customer Satisfaction Pre- and Post-Merger of the State Bank of India	Alochana Journal with ISSN No.: 2231-6329, Volume 13, Issue 8, UGC	August 2024	National
02	Customer Perception of Financial Performance of the State Bank of India and Its Associate Banks Before and After	International Journal For Multidisciplinary Research (IJFMR) with ISSN No: 2582-2160, Volume	October 2024	International